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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 000756

SIPDIS

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TAGS: [PREL](#) [PGOV](#) [ENRG](#) [EINV](#) [KWIR](#) [EPET](#) [KU](#) [IZ](#)
SUBJECT: A WALTZ WITH SHAYKH AHMED: OIL/INFO MINISTER LETS
AMB LEAD ON OIL, SIDESTEPS FREQUENCY ISSUE

REF: A. KUWAIT 708
[1](#)B. KUWAIT 338

Classified By: DCM Tom Williams for reasons b and d.

[1](#)1. (C) Summary: The dual-hatted Kuwaiti Oil/Information Minister Shaykh Ahmed Abdullah Al-Ahmad Al-Sabah told the Ambassador July 27 that Kuwait wants to obtain international expertise in developing its oil projects, mentioning that ExxonMobil is likely to oversee production in the Burgan oil field and that Kuwait will likewise partner with international firms to boost the Sabriyah gas field project's output. Ambassador emphasized U.S. interest in partnering with Kuwait on future oil projects, highlighting the mutual benefit inherent in such collaboration. On LNG imports, Shaykh Ahmed said that Qatargas' terms were unacceptable and that Kuwait will deal with Shell for the duration of the short-term import project. Regarding Asia deals, Shaykh Ahmed stated that Kuwait has started a refinery project in Vietnam adding to the already existing China project. Ambassador raise the frequency issue for Radio Farda, noting that the broadcasting tower would be completed soon, but the Minister punted (septel, notal). Shaykh Ahmed concluded by raising the issue of Iraq's reparations, saying the Amir would likely raise this in his meeting with POTUS. End Summary.

Burgan, Sabriyah, and International Partnerships

[1](#)2. (C) Shaykh Ahmed offered that he had met with ExxonMobil the previous week, stating that their expertise was needed in assisting with production at the depleting Burgan oil field (Ref B). Shaykh Ahmed went on to say, however, that a definitive deal between Kuwait and Exxon was still "a matter of time." Regarding the Sabriyah gas field, Shaykh Ahmed acknowledged that Kuwait needed international expertise in developing the project, dismissing the notion that Kuwait could keep the operation in house. Capitalizing on the subject of international partnerships, Ambassador emphasized U.S. interest in working with Kuwait on future oil projects, underscoring the mutual benefit of such relationships.

LNG Imports, Asia Deals, and Al Zour Fourth Refinery

[1](#)3. (C) Responding to Ambassador's inquiries on LNG imports, Shaykh Ahmed stated that Qatargas' terms were not acceptable and offered that Kuwait would work with Shell for the duration of the short-term project. The Shaykh went on to emphasize that this was an interim project, required only to meet heightened electricity demand this summer. (Note: the GOK recently announced a deal with Shell to import LNG during summer 2009, after talks with Qatargas were called off earlier this year. End Note.) On Asia deals, Shaykh Ahmed

stated Kuwait has started a new refinery project in Vietnam, adding to the existing project in China. Shaykh Ahmed had no update regarding the Al Zour Fourth Refinery, indicating that the tender process was at a standstill but not canceled. Shaykh Ahmed took the opportunity to say that he is working on establishing new relations with Parliament so that similar impasses are not repeated.

What's the Frequency, Ahmed?

14. (C) Ambassador noted in passing that the broadcasting tower for Radio Farda is nearing completion and offered the Minister a tour of the facility once finished. She asked the Minister for formal approval of the earlier submitted frequency request, but Shaykh Ahmed punted to FonMin Dr. Mohammed for a response. (See Septel, Notal for further details on this issue.)

Iraq

15. (C) Shaykh Ahmed concluded by voicing concern over the Iraq reparations issue, which would likely be raised by the Amir in his August 3 meeting with POTUS. The Ambassador responded by emphasizing the U.S. commitment to Kuwait and our unwavering commitment to UNSCR 833. On the specifics of reparations, the Ambassador noted this ultimately was a matter for the UN Security Council, but made the case for GOK flexibility since Iraq is facing economic difficulties that

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could threaten its future development and stability. Both Kuwait and the US share an interest in strengthening Iraq so that it acts as a stable neighbor and bulwark against Iran, she observed.

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